

EXPLOITATION /

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12 November 1954

MEMORANDUM FOR: Deputy Director/Intelligence  
THROUGH : Chief, Economic Research Area - Ela  
THROUGH : Assistant Director for Research and Reports - Ela  
SUBJECT : Economic Significance of the Anniversary Speeches of  
Seburcov and Bulganin.

1. The speeches delivered at the anniversary occasion contained considerably less in the way of concrete data than heretofore on this occasion. There were, however, several announcements which seem to be worthy of attention.

2. Announcements on the progress of industrial production indicate that there has been an increase of more than 12 percent over the first ten months of 1953 although the increase at six months had been about 14 percent. This announcement tends to indicate (a) that the increase in overall production in 1954 will almost certainly exceed that of 1953; (b) that the drop in overall output in 1953 was probably occasioned by the revision of production plans during that year (note that as we move into the period of 1954 matching the period of completion of rationalization of the 1953 program, the rate of increase in industrial production tends to decline); and (c) that the Fifth Five Year Plan for industrial production is likely to be completed well before the close of 1955.

3. Data developed from previous Soviet announcements and paired with data available from these announcements indicates that the USSR will probably not fulfill its revised 1954 goals for consumer goods output. Malenkov indicated in 1953 that the 1955 plan for consumer goods output would be completed by the end of 1954. Data in the following table would indicate that this target will not be met although 1954 will probably see the USSR with a greater consumer goods output than would have obtained had the original Fifth Five Year Plan been continued and its targets accomplished.

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Soviet Industrial Production  
1940-1954

			Billions of 1952 Rubles	
	1940	1950	1954 (Planned)	1954 (Estimated)
Gross Industrial Production	212	367	587	598
Producers Goods	129	264	422	438
Consumers Goods	83	103	165	160

4. Announcements in Saburov's speech even when tempered by those in Bulganin's speech indicate that the planned increase in agricultural production will not be met probably because of the hard winter of 1953-54 and this summer's drought in the Ukraine and Trans Volga. Thus the consumer goods program, which Saburov has indicated (a) is only this year really getting under way and (b) has socialist agriculture as its main link, will almost certainly require additional time and effort if it is to be successfully completed.

5. One of the principal sources of the increase in industrial production has been the rapid increase in the non-agricultural labor force. The greater than planned increase in the labor force has probably contributed in small measure to the less than planned increase in labor productivity. The rapidly increasing labor force has, however, made possible the overfulfillment of industrial output which certainly would not have been attained with the originally contemplated force.

6. Indications at present point to an almost complete coincidence between ORR estimates and the present state of Soviet economy.

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[REDACTED]  
Chief, Analysis Division, ORR

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